MANITOBA

THE TAXICAB BOARD

SUPERIOR CLASS OF TAXI SERVICE

September 1990

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Manitoba

Highways and Transportation

Taxicab Board

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NEWS RELEASE

TAXICAB BOARD DECIDES ON LUXURY SERVICE & DRIVER BENEFITS

The Taxicab Board today released its decision to issue new licences for luxury taxis, and proposed to establish a benefit plan for taxi drivers. The decision was reached after extensive research and consultation over the past two and a half years.

The new "class 1" taxis are planned to be fully appointed luxury vehicles, driven by uniformed, professional drivers. The fare for the new taxis will be about 20% higher than for regular taxis. The standards for class 1 taxis will be finalized after consultation with an advisory committee of taxi user and industry representatives.

Applications for 60 class 1 licences will then be invited. The new licences will be awarded to those applicants who present the best service proposals.

The new licences will be divided into two groups of 30. The Board will review the decision that 60 licences are required after assessing the effect of the first 30 licences over a six month period. The number of new licences was chosen on the basis of a market survey which found taxi demand would increase with the availability of the new class of service.

Successful applicants will be required to contribute $38,000 for each licence awarded, to a trustee. The $2.28 million to be raised in this manner is proposed to assist in the funding of a group benefit plan for all taxi drivers, which is not currently available in the industry. The plan may include benefits such as life insurance and extended health benefits. The group benefit plan would make taxi driving a more attractive career, and thereby may reduce the chronic shortage of good drivers.

The availability of the new service will provide more choice for taxi users, and a more competitive, customer oriented taxi industry.

The new licences will not likely impair the financial position of capable existing operators, due to the expected increase in demand for taxi services. As well, existing operators are free to convert to class 1 operations in response to customer demand. Existing operators are also afforded ample protection by the proposed review, the higher fare for the new service, and the requirement of a $38,000 contribution by new entrants. The contribution represents about 87% of the average inflation adjusted investment in licences by the industry.

This decision reflects the confidence of the Board in Winnipeg. Board members believe our City has many assets and a promising future. A reputation for excellence in taxi service will enhance the image of Winnipeg, and thus contribute to the fulfillment of the community's economic development potential.

MANITOBA

THE TAXICAB BOARD

IN THE MATTER OF: The Taxicab Act, C.C.S.M., c. T10;

AND IN THE MATTER OF: Proposed reforms respecting: the limit on the number of taxicabs operated under the authority of the Taxicab Board; the subdivision of taxicabs into classes of vehicles; terms and conditions upon licences, and standards, for taxicabs of different classes; regulations governing the operation and use of taxicabs of different classes; and the tariff of fares for taxicabs of different classes.

Deliberations held at Winnipeg,	)	D. S. Norquay, Chairman
Manitoba, on Wednesday,	)	M. Hill, Member
September 12, 1990	)	D. Davill, Member

DECISION

1. Background

1.1 Proposals subject to the present deliberations

In March, 1990, the Board published its *Report and Recommendations* on *Winnipeg Taxicab Service and Regulation*. The Report thoroughly reviewed numerous issues confronting the Winnipeg taxi industry and the Board. It contained 30 recommendations for measures to improve Winnipeg taxicab service and regulation. Included in the Recommendations were the following:

> *10. SUPERIOR CLASS OF LICENCE*
>
> *It is recommended that:*
>
> *(a) the Board not impose superior vehicle standards on the industry generally, but rather establish a separate class of licence with superior vehicle and service standards, and a higher fare level, sufficient to finance compliance with the superior standards and achieve an adequate response time for the class;*
>
> *(b) in order to ensure users are not confused by the differing services available and to allow feasible dispatch, the superior service be*

required to be dispatched under a business name that is distinctive from that under which regular service is provided, and through a different telephone line, and that any advertisement of the superior service must describe the service as such and the fact it is offered at a higher fare;

(c) users and interested members of the industry be consulted further, through the Taxicab Advisory Committee, in order to determine the precise quality of vehicle and service standards that would meet the needs of the users and the revenue requirements of the owners; and

(d) subject to recommendation 12, the Board not set a particular quota for each class of taxi, and a licence authorizing the operation of a vehicle of one class be freely convertible to a licence authorizing the operation of a vehicle of another class.

12. LICENCE QUOTA ADJUSTMENTS

It is recommended that:

(a) the limit on the number of taxi licences be immediately increased by 20;

(b) the new licences be conditional upon the placing and maintaining in service of a vehicle that meets the superior standards established under recommendation 10;

(c) the licences be issued in blocks of five licences to the highest bidder in a tendering process not restricted to existing licence holders; and

(d) the process of increasing the quota in 20 licence increments be repeated every six months until up to 100 new licences are issued, provided the effect of the previous increase is not found to be adverse and it is apparent demand for taxi services did in fact increase due to the superior class of service.

15. MEANS OF COMPENSATION

It is recommended the proceeds of the sale of licences by the Board in accordance with recommendations 12 and 14 be paid in trust to a foundation directed by industry representatives, for the purpose of establishing and administering such programs in support of the industry as the foundation considers appropriate; or alternatively that the proceeds be divided equally among all existing licence holders.

This Decision addresses solely the above proposals. The Board believes it is in the interests of the industry to resolve the uncertainty with respect to the licence quota as soon as possible. Decisions or actions pertaining to other recommendations, which are within the jurisdiction of the Board, will be taken in due course. Recommendations for measures not within Board authority will be considered by the Government.

1.2 Board jurisdiction

Section 7 of the Taxicab Act ("the Act") provides to the Board the legal authority to determine the terms and conditions of taxi licences and applications for licences.

Section 8 of the Act provides that in issuing licences the Board shall consider the public convenience and necessity in respect of the number of licences required in the City of Winnipeg, and to that end the Board may limit the number of taxicabs that may be operated under its authority.

Subsection 12(1) of the Act provides that the Board may subdivide taxicabs into types or classes of vehicles. Subsection 12(1) also authorizes the Board to make regulations governing the operation and use of taxicabs.

Subsection 17(1) gives to the Board general supervision over taxicabs, their owners, operators and drivers. Under clause (b) of that subsection the Board may require every owner to furnish adequate and proper service, and to equip and maintain vehicles in such condition as will enable the owner to do so. Under clause (d) the Board may prescribe size and equipment standards for taxicabs. Clause (g) authorizes the Board to prescribe what distinguishing colour or markings shall be used upon any taxicab.

Clause 17(1)(c) mandates the Board to establish the tariff of fares that taxi operators shall charge, which may include maximum and minimum fares.

Decisions made in the exercise of the above discretionary powers are required under the law to be made independently by the Board. The Board can not legally allow any person or group to dictate how it should decide any issue in the exercise of these powers.

Thus, this Decision has been taken by the Board based solely on its own opinion of the evidence, information and arguments before it.

1.3 Consultation Process Completed

The Board is of the opinion that the above discretionary powers, including the power to vary the limit on the number of licences, are essentially political, legislative or administrative in nature, rather than quasi-judicial. They involve important public policy decisions, rather than decisions which primarily relate to the private rights of individuals. For this reason, the Board need not follow the strict rules for proceedings before Courts. (See *Manitoba League of the Physically Handicapped Inc. v. The Manitoba Taxicab Board* (1988), 32 Admin.L.R. 147 (Man. Q.B.), affirmed 32 Admin.L.R. 65 (C.A.).

However, the Board has acknowledged the exercise of a number of the above powers, particularly the power to vary the limit on the number of licences, may substantially affect members of the public, especially existing taxicab licence holders. Thus, the Board has accepted that it has a duty to act fairly in the exercise of these powers.

In determining an appropriate procedure for an administrative agency such as the Board, regard must be had to the purpose and function of the agency, and the requirements of procedural fairness must be balanced with the needs of administrative efficiency and accuracy. (See the *Report on Administrative Law, Part I, Procedure of Provincial Government Agencies* (1984), Manitoba Law Reform Commission.)

The Board is of the view the consultative process to date has reflected extreme sensitivity to the need to fairly assess the effect of any measure under consideration on existing licence holders. The Board has indicated throughout the consultation process to date that it is prepared to hear and listen to industry concerns.

The following steps have been taken to ensure a full and fair opportunity for existing licence holders to be heard on the issues before the Board:

1. In June, 1988, the Board invited interested persons to file written submissions on the study completed by Touche Ross Management Consultants, and on a short discussion paper identifying the issues;

2. In December, 1988, the Board published a detailed discussion paper which identified alternative measures under consideration. The paper was intended to give some focus and direction to planned public hearings, and notice of possible outcomes of the consultation process. Copies of the discussion paper were made available to interested persons.

3. In January and February, 1989, the Board held public hearings. Notice of the hearings had been published in the two Winnipeg daily newspapers, and was given directly to the taxi and limousine companies. It was made clear in the notices of the hearings that any matter related to taxi service could be raised. Copies of all written submissions were made available, and an opportunity for rebuttal to any submission was given. The hearings achieved wide publicity and many taxi industry members participated. The Board sat until all who wished to make a presentation had been heard.

4. In the Spring of 1989, the Board retained the services of an economic research analyst, who interviewed 13 licence holders. The input of those operators was provided to the Board in the report of the research analyst, received in August, 1989. Essential information relied on by the Board was disclosed in its March, 1990 Report.

5. In March, 1990, the Board published its *Report and Recommendations* on *Winnipeg Taxicab Service and Regulation*.

6. In May, 1990, the Board released a taxicab market survey it had commissioned, along with a staff analysis of the results, and made copies available to interested persons.

7. In May, 1990, the Board invited written submissions on the proposals in the Report. All those who filed a submission in opposition to the proposals were given an opportunity to respond to supportive submissions. The final date for filing responses was July 13, 1990. Notice of the invitation for submissions was published in the two Winnipeg daily newspapers. Notice was also given directly to the taxi companies, all taxicab licence holders, persons who had made submissions at the public hearings, those who had provided unsolicited comments in writing on the March Report, and other interested persons.

The above clearly indicates taxicab licence holders were provided a more than satisfactory level of participation in the Board's decision making process.

2. Recommendation 10: Superior Class of Licence

The rationale of the proposal for the establishment of a separate class of licence with superior vehicle and service standards was set out on pages 48 to 50 of the Report.

Some presenters in the final round of consultations argued that a superior service is currently available in the form of limousine services. However, limousine rates are generally not competitive with taxicab rates, metered service is not offered, and a larger vehicle (minimum 7 passengers) is utilized. The standards of the proposed superior taxi service would be somewhere in between those of existing taxis and limousines. The superior taxi service would serve a distinct market segment of its own.

Some presenters suggested superior vehicle standards should be set for the entire industry. As pointed out in the Report, if the standards of the entire industry were raised to serve the business, tourist and "middle class" market segment, rates would have to be raised substantially for poor, disabled and elderly persons who rely on taxis for basic transportation and do not need the additional, more costly amenities of a superior class of service. The Board does not think it appropriate to lessen the mobility of such people through higher fares for a service they do not need, in order that those willing to pay more can have their service requirements met. The regulatory system need not preclude the natural segmentation of the market that would occur in a free market situation.

The basic elements of plans to address the problems in the industry put forward by presenters opposed to the superior class involved improved vehicle standards and enforcement. The Board in its recommendations addressed both those issues, and action will be taken. However, as discussed above, vehicle standards can not be increased to the extent necessary

to meet the needs of one type of user without forcing others to pay for what they do not need. And if the standards are not significantly raised for "users of convenience", then they will remain infrequent users of taxicab services.

As well, without willing compliance on the part of the vast majority of taxi operators, excessive public funds must be expended on compliance resources. The new class of service will introduce a reasonable level of competition in the taxi industry generally, which will undoubtedly encourage willing compliance. There is no reason in principle why the Board should not facilitate discipline by the market as a complement to Board disciplinary action, provided the level of competition is not allowed to become destructive.

Some presenters also suggested allowing any licenced taxicab to serve the airport would improve service. The Board agrees, but doing so will be facilitated by the existence of a sufficient number of superior class vehicles under a competing dispatch service.

Concern has been expressed that the proposed higher fare will not be supported by sufficient users to allow the separate service to be feasible.

No existing licence holder will be compelled to convert his or her licence to one of the new class, and if they do, conversion back to a regular licence will be permitted. Only those who are issued new licences conditional upon meeting the superior standards of the new class will be required to meet those standards on a permanent basis. If no existing licence holder believes the new service will be feasible, then no existing licences will be converted to the new class.

The Board has proposed an open application process for the new licences. Any businessman making such an application would be expected to perform an analysis of the market, from which he or she may draw his or her own conclusions as to whether or not the operation will be viable at the Board determined fare. If no prospective new entrants believe the new class will be viable, then no applications will be received.

The market survey performed by the Board in March, 1990, referred to above, found that about 53% of the general public would be willing to pay more for a premium taxi service; and about 39% would be willing to pay at least 20% more. Thus, it is likely ridership will follow the establishment of the new service.

A superior class of service is currently available in numerous other Canadian and American cities, and it is apparent these operations are thriving. Indeed, in many cases the higher level of utilization due to consumer preference for the superior service allows the superior service operators to charge the same fare as regular operators. Given the Board's opinion that the demand in the target market segment of the superior service is likely relatively price inelastic over the range of fares in question, the higher fare for the new Winnipeg service would tend to improve the viability of the service relative to centres where there is no fare differential.

As a rationale for the argument that there would not be enough users for a superior service at a higher fare, it has been expressed that Winnipeg is not a "thriving metropolis" like other cities, and is a "wholesale town", with a farm based economy. The President and General Manager of Duffy's Taxi has asserted that Winnipeg is "nothing more than an overgrown farm town".

The fact of the matter is that Winnipeg's economy is very diversified, and it is this diversification that has provided a high level of economic stability to the City. As pointed out by the Winnipeg Task Force on Economic Development, Winnipeg 2000, in its recent report, our City has numerous assets, which if properly exploited and promoted will form a sound basis for continued stability and growth. These assets include: access to abundant renewable energy and plentiful natural resources; a strong agricultural base; high quality manpower; a centralized location on the continent; excellent higher education facilities; an outstanding research and development base; a fully serviced, well situated and 24-hour airport facility; plentiful low-cost office space; and an exceptional quality of life, with clean air, distinct seasons, "world class" recreational and cultural activities and events, affordable housing and a revitalized downtown core.

Strengthening the image of the City of Winnipeg and the self image of Winnipeggers are important aspects of the economic development strategy put forward by the Task Force to take full advantage of the above described community assets. An improvement to the competitive position of the City is predicted to follow such image enhancement, with positive economic benefits for the entire community.

In the Board's view, the existence of a superior taxi service in Winnipeg will contribute substantially to an improvement in the City's image. And perhaps what is even more important, the self image of Winnipeggers, and taxi industry members in particular, may be enhanced.

Nothing is gained by narrow-minded defamation of our City. If the negative attitude of some taxi industry leaders blinds them to market opportunities, then others with vision must be called upon. The matter is too important to the interests of the general public for the Board to fail to take the necessary action merely out of timidity. Industry leaders must have confidence in their ability to succeed in a world that demands excellence.

3. Recommendation 12: Licence Quota Adjustment

The adequacy of the current limit on the number of licences was reviewed in detail on pages 52 to 69 of the Report.

In considering the public convenience and necessity in respect of the number of licences required in Winnipeg, in accordance with section 8 of the Taxicab Act, the Board considered in depth the demand for taxi services in Winnipeg, the adequacy of existing services, and the impact of new licences on existing licence holders.

The market study performed by the Board indicated that nearly one third of Winnipeggers would use taxis more often if a superior service was available. Analysis of the survey results indicated there would be a 20% overall increase in taxi usage if the new class of taxi had a 20% higher fare.

After carefully considering all representations made in a lengthy consultation process, and the research disclosed in public Board documents, the Board is of the opinion that the level of demand for taxicab services in Winnipeg has been significantly diminished by the limited service options available. The Board is of the view that there is a significant market segment

that is not currently being adequately serviced, comprised of people who will utilize taxicab services more if those services better meet their requirements.

The Board acknowledged in its Report that response time should be considered in considering the adequacy of existing services. However, response time only measures the ability of existing services to meet existing demand. Where demand has been depressed over time by the failure of the available services to meet the needs of a major market segment, response time may be maintained or even improved for the reduced ridership. Obviously, response time can not be the only measure of the adequacy of existing services.

As the Board proposes to increase the quota of licences only by an amount necessary to meet the increased demand arising from the availability of the new service, the Board is of the opinion that there will be no significant long term adverse effect on existing licence holders. To the contrary, creation of the new licence class will allow some industry members to improve their financial position by exploiting the new market opportunity. The Board is also satisfied that any adverse effect related to the instability of licence prices in the short term is substantially outweighed by benefits to the public.

The formal response of the taxicab industry to the proposal to increase the quota in conjunction with the creation of a superior class of licence was that "possibly a pilot project inside the existing licence allotment would make some sense".

However, the industry failed to put forward any details of their service proposal, despite the fact that the concept of new licences for a superior class of vehicle was formally put forward as an alternative for discussion in December 1988, and was discussed informally even earlier. No commitment was given by the industry that any particular number of cabs would be operated under the superior standards. No suggestions as to what those standards would be were provided.

Given this lack of a particular service proposal, the failure of existing industry members to make any attempt to serve this particular market segment in the past, and their previously strongly asserted view that the idea of different classes of licences simply would not work, the Board strongly doubts a pilot project conducted by existing licence holders would adequately meet the needs of the public.

Of more importance, the Board is clearly satisfied that demand will increase with the availability of the new service. Without a sufficient number of new licences to meet this demand, service failures would likely result. The negative impression in the minds of users that would follow would undermine significantly the likelihood of success of the project. As well, users of the standard class of service would likely suffer a deterioration of response times unless new licences are issued.

The Board's market survey indicated a licence quota increase of 20% or 80 licences was viable in conjunction with the creation of the superior class of licence, at a 20% higher fare. However, it should be noted that visitors to the City, who are more likely to prefer the superior service, did not form part of the market survey; only residents were surveyed. Thus, the demand increase with the availability of the new service will likely be greater. On the other hand, due to the inherent shortcomings and error factors of such a survey, the Board should proceed cautiously.

As well, the Board has proposed the issuing of free licences to existing licence holders for the operation of wheelchair accessible taxis (Report Recommendation 18). By not increasing the quota the full amount justifiable by the expected increase in demand due to the availability of the new superior service, the wheelchair accessible licences could be issued without adverse effect.

From the evidence and its consideration of the matter, the Board is of the opinion that the public convenience and necessity requires an additional 60 licences to be issued, all permanently subject to the terms and conditions to be established for a superior class of taxicab service.

The Board had proposed that any new licences be issued in 20 licence increments. Upon further consideration, the Board is satisfied there will be little risk of adverse effect from issuing the licences in two increments of 30 licences each. The number of new licences to be issued should be conclusively determined as soon as possible, in order to allow effective business planning by both existing licence holders and new entrants.

The Board's decision that 60 new licences are required will be reviewed after the issuance of the first 30 licences. The effect of the new licences on existing licence holders will be assessed as part of this review. Existing licence holders will be consulted on this review.

The Board received some expressions of concern respecting the requirement for licences to be applied for and issued in blocks of five. The Board is satisfied that such a requirement is not necessary in the public interest.

4. Recommendation 15: Compensation Fund

The Board has some concern with the appropriateness of a government agency with a duty to serve the interests of the public selling licences to the highest bidder, as recommended in Recommendation 12.

The basis for the proposal was that by selling to the highest bidder, licence values would be maintained at the highest possible level, and the largest possible fund would be created from which a compensation package for existing licence holders could be established. This would minimize the adverse effect on existing licence holders.

The Board and the Government are under no obligation to compensate licence holders at all for changes in the value of their licences, particularly when such changes are likely to be only short term. The licence price is an artificial asset that exists merely due to the existence of a licence quota, and licence holders should have considered the risk of regulatory change when they invested in a licence.

It is worth noting here that the City of Vancouver has been selling additional licences to the highest bidder periodically since 1980. In the most recent auction, the successful bidders paid between $86,500 and $96,000 for each of 20 licences. The auction did not have any adverse effect on licence values; indeed, reports have some cabs recently selling for about $120,000. All monies generated from the sale of the licences went directly to the City; no compensation fund of any kind was established.

As well, there is certainly no reason why compensation, if considered appropriate, should be open-ended. In an assessment of the overall public interest, the interests of users and licence holders should be balanced. The more a prospective new entrant pays for a licence, the lower the quality of service that can be afforded at a given fare. A judgment should be made as to the level at which licence prices should be protected and industry members compensated for a change in their financial risk, bearing in mind the requirements of the public interest. Any competitive bidding by new entrants should result in better service to the public and not a larger compensation fund for licence holders.

For these reasons, the new licences will not be sold to the highest bidder. Applications for the new licences will be subject to the condition that if the applicant is successful, the applicant must pay to a special fund the fixed sum of $38,000 per licence awarded.

The average of the inflation adjusted purchase price paid for each licence by all current holders of the independently owned existing licences (in respect of whom adequate purchase information is available), is the sum of $43,673. The required contribution to the special fund of $38,000 represents 87% of this inflation adjusted investment in licences.

The sum of $38,000 was selected as it is the price necessary to allow the total of the compensation fund to be raised at this price (60 X $38,000 = $2.28 million), plus the total value of the existing licences as protected by this price (400 X 38,000 = $15.2 million) to equal the total current inflation adjusted investment in goodwill by the industry (400 X 43,700 = 17.48 million).

The amount invested in goodwill is not necessarily all attributable to the licence alone; some would be attached to affiliation with a particular dispatch service. This is supported by the fact that licences trading within Unicity Taxi generally trade at lower prices than those affiliated with Duffy's Taxi.

Further, 10 licences were purchased by Spring Taxi from Star Taxi at an average price of $40,000. Given the circumstances of the sale, this price probably more closely reflects the value of an unaffiliated licence alone. Thus, the percentage of the value of existing licences which is protected by a "price" of $38,000 for the new licences could be as much as 95% (38,000/40,000 = 95%).

For these reasons, the Board is of the view the level of contribution to the special fund chosen of $38,000 reflects a fair level of protection for existing licence holders.

The funds obtained in this way, totaling $2.28 million, will be paid by successful applicants directly to a professional fund manager, in trust, for secure investment, pending consultation with the taxicab industry and the Government respecting their appropriate disposition.

The Board's sincere wish and intention is that this fund be utilized to assist in the establishment of a group benefit plan for all those who hold and exercise a valid taxicab driver's licence. Group benefits such as life insurance and extended health benefits are currently not available in the industry. Their introduction would tend to attract drivers to the industry, and encourage them to remain. This would improve overall driver quality and lessen the current driver shortage problem.

5. Application Process

Applications for the new licences will be judged on the basis of:

(a) the quality of the service proposal the applicant has undertaken to implement, according to criteria set out by the Board; and

(b) the demonstrated capability of the applicant to implement the service proposal.

Thus, rather than applicants for the licences bidding up the price of the licences, they will bid up the quality of service that can be purchased at the fare established for the class of licence. Applicants will be chosen on the basis of how well they will meet the requirements of users of their services, not on the basis of how much they are willing to pay for licences.

Members of the Taxicab Advisory Committee, comprised of industry and user representatives, will be requested to comment on a detailed draft of terms and conditions for the superior class of service. The Board will consider the comments received and establish, by regulation, the new class of licence, the basic terms and conditions in respect thereof, and the fare which may be charged. A preliminary draft regulation prepared for discussion purposes is appended to this Decision.

The process for issuing the licences will be as follows:

1. Once consultation on the terms and conditions for the superior class is completed, notices of the invitation to apply for one or more of the 60 licences required will be published. A detailed information package will be made available to interested persons. The information package will contain all basic terms and conditions of the new licences, including the condition for the payment to the special fund, and the fare which may be charged, as well as a detailed description of the matters which should be addressed in the applicant's service proposal. At a minimum, all applicants will be required to undertake to implement a service proposal which will fulfill all basic terms and conditions for the new class of service.

2. Within the time set out in the notice, applications for the licences must be submitted to the Board, setting out the detailed service proposal of the applicant. All applications and service proposals received will be provided to all other applicants. A time period will be set, depending upon the number of applications received, in which all applicants will be entitled to respond in writing to all other applications. Time will then be allowed for replies to responses.

3. The Board will consider all material filed and determine to which applicants the 60 licences will be issued.

4. The successful applicants will be ranked in two categories, those who will receive one or more of the first 30 licences, and those who will receive one or more of the second 30 licences, subject to the outcome of the review of the effect of the issuance of the first 30. Those applicants in the second category will be consulted on the review, in addition to existing licence holders.

first 30. Those applicants in the second category will be consulted on the review, in addition to existing licence holders.

5. The review will commence 4 months after the issuance of the first 30 new licences, and a decision on the review will be made within 6 months of the issuance of the first 30 new licences.

6. All elements of the service proposals of successful applicants beyond the basic terms and conditions will also be established as terms or conditions of the licences issued, which may only be altered with Board approval. The Board will hold successful applicants to strict implementation of their service proposals. Terms and conditions of licences will not be altered unless the public interest would be served by doing so.

6. Conclusion

In the opinion of the Board, implementation of this Decision will provide better service options for taxi users, resulting in the fulfillment of currently unmet demand for taxi services. Due to increased competition from new entrants and between classes of service, a more customer oriented industry and generally enhanced service will result for all Winnipeg taxi users.

Given the anticipated increased demand for taxi services, the opportunity presented by the stimulation of demand, and the protections and compensation proposal built into the implementation plan, this Decision will not likely impair the financial position of current industry members.

Finally, the enhancement of taxi service quality will improve the image and general economic well-being of the City, to the benefit of all its citizens.

Dated this 17th day of September, 1990

THE MANITOBA TAXICAB BOARD

Donald S. Norquay, Chairman

AGREED:

M. Hill, Member

D. Davill, Member

THE TAXICAB ACT
(C.C.S.M. c. T10)

Taxicab Types and Classes Regulation

Regulation
Registered

Definitions

1 In this regulation,

"accessible taxicab" means a taxicab which is wheelchair accessible and has been licenced by the board for the transportation of both ambulatory persons and disabled persons in wheelchairs;

"board" means the Taxicab Board;

"class 1 limousine" means a limousine that meets the requirements set out in subsection 9(1);

"class 2 limousine" means a limousine that is not a class 1 limousine or a classic limousine;

"classic limousine" means

(i) a limousine that is of a model year 25 years or more previous to the year the vehicle is placed in service as a limousine; or

(ii) a limousine that has been designated by the board under subsection 9(2) as a classic limousine;

"class 1 taxicab" means a regular taxicab designated by an inspector under section 4 as a class 1 taxicab;

"class 2 taxicab" means a regular taxicab that is not a class 1 taxicab;

"handicab van" means a taxicab that is equipped as provided in section 48.1 of the Taxicab Regulation and is licenced by the board for the transportation of handicapped persons in wheelchairs;

"limousine" means a taxicab, other than a passenger van, with a seating capacity of 7 or more persons, including the driver;

"passenger van" means a taxicab of a van configuration with a seating capacity of 11 or more persons;

"regular taxicab" means a taxicab that is not a limousine, accessible taxicab, handicab van, or passenger van.

Types of taxicabs

2(1) Pursuant to subsection 12(1) of the Act, taxicabs are subdivided into the following types:

(a) regular taxicabs;
(b) accessible taxicabs;
(c) limousines;
(d) handicab vans; and
(e) passenger vans.

Type and class to be specified

2(2) A licence to operate a taxicab shall specify the type and class of taxicab that may be operated under the licence.

Classes of regular taxicabs

3(1) Pursuant to subsection 12(1) of the Taxicab Act, regular taxicabs are subdivided into the following classes:

(a) class 1 taxicabs; and
(b) class 2 taxicabs.

Licence may be converted

3(2) Subject to the terms of the licence held, a licence to operate a class 1 taxicab may be converted to a licence to operate a class 2 taxicab at any time, and vice versa, upon payment of the prescribed fee for the issuance of a taxicab business licence.

Designation of class 1 taxicabs

4(1) Subject to subsections (2), (3), (4) and (5), an inspector may designate a vehicle as a class 1 taxicab, after inspecting the vehicle and considering

(a) the age, condition and mileage of the vehicle;
(b) the market value of the vehicle at the time of the inspection;
(c) the size, trunk capacity, and interior dimensions of the vehicle;
(d) the level of passenger comfort and amenities provided by the vehicle; and
(e) the reputation of the make, model and model year of the vehicle as a luxury class vehicle.

Board guidelines

4(2) The board may issue guidelines which shall be considered by an inspector in the exercise of the inspector's discretion under subsection (1).

Equipment of class 1 taxicabs

4(3) An inspector shall not designate a vehicle as a class 1 taxicab unless it is equipped with

(a) air conditioning;
(b) leather or cloth upholstery;
(c) full interior carpeting;
(d) a high quality stereo audio system;
(e) power windows;
(f) a cellular telephone for customer use; and
(g) a receipt printing taximeter, if metered taxi service is to be provided by means of the taxicab.

Expiry of designation

4(4) Upon the designation of a vehicle as a class 1 taxicab, the inspector shall set a date, not more than 3 years from the date of the inspection under subsection (1), on which the designation expires.

Cancellation of designation

4(5) If after an inspection of a class 1 taxicab, the inspector finds the vehicle unsuitable for operation as a class 1 taxicab due to its condition, the inspector shall cancel its designation as a class 1 taxicab.

Obligations of class 1 licence holder

5(1) The holder of a licence to operate a class 1 taxicab shall

(a) operate the class 1 taxicab under a business name that is distinctive from the name under which any class 2 taxicab is operated;

(b) ensure the telephone number which the public may call to request the dispatch of a class 1 taxicab is different from that for a class 2 taxicab;

(c) ensure the words "Class 1 service - higher fare" are displayed in all advertisements of the services of the licence holder;

(d) exercise proper control over the operation of the vehicle under the licence;

(e) be responsible for the operation of the vehicle under the licence;

(f) retain all drivers of the vehicle operated under the licence as employees, or drive the vehicle himself or herself;

(g) determine who is to drive the vehicle operated under the licence, and when the vehicle is to be in service;

(h) establish a daily record of the identity of the driver of the vehicle operated under the licence at all times and maintain the record for a period of 6 months;

(i) establish a system for daily inspection of the vehicle operated under the licence, by the licence holder or an employee of the licence holder other than the driver, and maintain a record of daily vehicle inspections for a period of 6 months;

(j) obtain board approval of a distinctive driver uniform;

(k) accept all major credit cards and traveler's cheques in payment of fares; and

(l) prohibit smoking in the vehicle.

Vehicle requirements

5(2) The holder of a licence to operate a class 1 taxicab shall not operate a vehicle under the licence unless

(a) the vehicle is legally and beneficially owned by, and registered in the name of, the licence holder;

(b) repairs to and replacement parts for the vehicle meet original manufacturer's specifications;

(c) the upholstery or carpeting of the vehicle have no holes, tears, or unsightly wear or stains;

(d) the exterior paint is not noticeably chipped, scratched or rusted;

(e) repainting and touch-up painting of the vehicle matches and has been professionally performed;

(f) the interior and exterior of the vehicle is as clean as is reasonably practicable given the weather and road conditions;

(g) the vehicle is equipped with matching wheelcovers;

(h) the vehicle displays a sign indicating smoking is not permitted in the vehicle; and

(i) if the vehicle is used to provide metered taxi service, the words "Class one service - higher fare" are displayed as part of the company logo on the taxicab.

Driver requirements

5(3) The holder of a licence to operate a class 1 taxicab shall require all drivers of a vehicle operated under the licence to

(a) inspect the interior of the vehicle for cleanliness after every trip;

(b) arrange for the vehicle to be cleaned on the interior and exterior as required;

(c) open the door of the vehicle for a passenger, assist with a passenger's luggage, and provide such other reasonable assistance to the passenger as the circumstances require, unless the driver believes in good faith that to do so would pose a risk of harm to him or her;

(d) wear the distinctive uniform approved by the board for the licence holder under clause 5(1)(j);

(e) present a clean, well groomed appearance while on duty; and

(f) attend the board taxi driver training course and the "Superhost" training course presented by the Manitoba Department of Tourism.

Driver to comply

5(4) A driver of a class 1 taxicab shall comply with the requirements set out in subsection (3).

Different dispatch and name

6(1) The holder of a licence to operate a class 1 taxicab shall not operate a class 1 taxicab

(a) under the same business name as another holder of a licence to operate a class 1 taxicab;

(b) through the same dispatch service as another holder of a licence to operate a class 1 taxicab; or

(c) under any form of affiliation with another holder of a licence to operate a class 1 taxicab.

Shareholder's interest

6(2) A shareholder of a corporation which holds a licence to operate a class 1 taxicab shall not have an interest in

(a) a vehicle operated under the licence; or

(b) the return from the operation of a particular vehicle under the licence,

whether directly or indirectly, other than the shareholder's interest as a shareholder in the corporation.

Partner's interest

6(3) A partner of a firm which holds a licence to operate a class 1 taxicab shall not have an interest in

(a) a vehicle operated under the licence; or

(b) the return from the operation of a particular vehicle under the licence,

whether directly or indirectly, other than the partner's interest as a partner in the firm.

Dispatch system requirements

7 If a licence holder operates 10 or more class 1 taxi cabs, the licence holder shall

(a) ensure the taxicabs are dispatched by means of a computerized dispatch service;

(b) employ an on-road supervisor with authority to inspect and order out of service a class 1 taxicab operated by the licence holder, if found unsafe or unsuitable;

(c) maintain a system to respond to and investigate service complaints;

(d) obtain board approval of and maintain board approved standards of conduct for drivers, dispatchers, telephone operators and supervisors;

(e) administer a system to discipline employees for breaches of the standards of conduct;

(f) obtain board approval of a distinctive vehicle colour and company logo; and

(g) paint all class 1 taxicabs operated by the licence holder the distinctive colour approved by the board.

Classes of limousines

8(1) Pursuant to subsection 12(1) of the Act, limousines are subdivided into the following classes:

(a) class 1 limousines;

(b) class 2 limousines; and

(c) classic limousines.

Licence may be converted

8(2) Subject to the terms of the licence held, a licence to operate a class 1 limousine may be converted to a licence to operate a class 2 limousine at any time, and vice versa, upon payment of the prescribed fee for the issuance of a taxicab business licence.

Class 1 limousine standards

9(1) The holder of a licence to operate a class 1 limousine shall not

(a) place in service a vehicle as a class 1 limousine, unless the vehicle is of a model year not more than 2 years previous to the year the vehicle is placed in service; and

(b) retain in service a vehicle as a class 1 limousine later than February 28 of the fifth year after its model year.

Classic limousine standards

9(2) The board may designate a limousine as a classic limousine after consideration of the extent to which the make and model of the limousine, over time, has served as a standard of excellence, or has been generally recognized of the highest quality or first rank of automobiles.

Licences to be visible

10(1) The holder of a licence to operate a taxicab shall equip the vehicle operated under the licence with a means to display the licence to operate the taxicab and a taxicab driver's licence, and shall ensure the licences are displayed, in a manner which will allow the licences to be readable by a passenger in the rear seat of the taxicab, both day and night.

Driver to display licence

10(2) The driver of a taxicab shall display his or her taxicab driver's licence in the taxicab in a manner which will allow the licences to be readable by a passenger in the rear seat of the taxicab, both day and night.

Leasing prohibited

11 The holder of a licence to operate a taxicab shall not rent, lease, or assign,

(a) the licence;
(b) his or her rights under the licence; or
(c) any vehicle operated under the licence.

Coming into force

12 This regulation comes into force one week after publication in The Manitoba Gazette.

THE MANITOBA TAXICAB BOARD

_____

Date

_____

Chairman, D. S. Norquay

_____

Secretary, C. S. Walker

SUPERIOR CLASS TAXIS
PROPOSED FARE STRUCTURE

by Lawrence Mercer
Manager, Policy & Economic Analysis
Motor Transport Board

A. Introduction

This paper proposes a fare structure for superior class taxis, which are those designated as "class 1 taxicabs" by the Taxicab Board. The proposed fare is designed to fully recover all reasonable costs incurred in providing the service. The costs of the service are estimated using the financial model attached to this paper, which is described in the following section. On the basis of the revenue and cost figures used in the financial model, the last section of the paper proposes an appropriate fare structure.

B. Description of Financial Model

The financial model estimates the annual costs of operating a single taxi in the superior class, and provides an estimate of the revenue that must be earned by that vehicle in order to fully recover all costs.

The costs in the model are estimated on the basis of a 1988 survey of Winnipeg taxicab owners. Costs have been adjusted to reflect the differences between "class 2 taxicabs", i.e. existing taxis, and the superior class of taxis described in the draft Board regulation on taxicab types and classes. Please note that costs have not been adjusted from 1988 to 1990 levels in order to reflect increases in operating costs over the past 2 years. This will be done once the rate application currently before the Board has been resolved.

The remainder of this section consists of comments on various components of the financial model.

Revenue

From the results of the 1988 survey, the Taxicab Board estimated that the average taxicab earned $77,450 in order to fully recover all costs. On the basis of the financial model, a superior class taxi will have to generate 19.8% more revenue in order to recover the higher costs of operating a superior class service; the required annual revenue is therefore $92,800.

It is feasible to generate the additional revenue by setting a higher fare for the superior class service; according to a market survey conducted by the Board in March 1990, 36 % of Winnipeggers would be willing to pay at least 20% more for a superior class taxi ride.

Driver wages and benefits

Driver wages are set equal to 50 percent of revenue, following a common industry practice whereby meter revenue from a shift is split 50/50 between the taxicab owner and the driver who is employed for that shift.

Driver benefits include Canada Pension Plan (2.1 percent of earnings above a daily exemption of $11.25, assuming 2 drivers, both working 336 days a year), unemployment insurance (2.73 percent of earnings), and workers' compensation (2.6 percent of earnings).

Fuel

The 1988 survey estimated the average annual fuel cost for a taxi using propane to be $7,850.

Inter-City Gas (ICG) is able to convert a number of full-size car models to propane. However, the cost of operating a full-size superior class taxi on propane, compared to the fuel cost estimated from the 1988 survey, is not known. On the basis of size, full-size vehicles will use more fuel in comparison to existing taxis, but the amount of higher consumption is difficult to estimate.

In the absence of further information, the model sets the average annual fuel cost for a superior class taxi to be 20 percent higher than an existing taxi (equal to $9,400).

Repairs and maintenance

The 1988 survey estimated the average annual cost of repairs and maintenance for a taxi to be $7,300.

Repair and maintenance costs for superior class taxis are set at $6,600 in the financial model, or about 10 percent lower than for existing taxis. It is expected that superior class taxis will be in substantially better condition than regular taxis. Thus, repair and maintenance costs will likely be substantially lower.

Insurance

The 1988 survey estimated the annual insurance cost for a taxi at $3,100, most of which is accounted for by the Autopac premium set by MPIC. The financial model for superior class taxis uses the same cost figure, although it should be noted that Autopac's annual basic premium for airport limousine liveries is less than a third of that for existing taxis.

Depreciation

The financial model assumes that a superior class vehicle has an initial cost of $22,000, is used for 3 years, and has no residual value. Consequently, vehicle depreciation on a straight-line basis is $7,350 per year. There is also other equipment (radio, etc.) worth $1,000, with a useful life of 10 years and an annual depreciation charge of $100. Total depreciation is therefore $7,450 per year.

The model's cost of $22,000 for buying a superior class vehicle is extremely generous. At the time of writing (September 1990), it is possible at that price to buy luxury 1989 vehicles that are only 2 years old. The following used car valuations from the Canadian Black Book (September 15, 1990) show what kind of 1989 vehicles can be purchased wholesale for $22,000 or less (prices are given for vehicles in average condition):

89 Buick Electra (Park Avenue Ultra)	$20,500
89 Cadillac De Ville (4D Sedan)	$21,650
89 Chevrolet Caprice Classic (4D Sedan Brougham LS)	$14,650
89 Ford Crown Victoria (4D Sedan LX)	$13,400
89 Lincoln Town Car (4D Sedan)	$20,150
89 New Yorker (4D Sedan Landau)	$14,400
89 Oldsmobile 98 (4D Regency Brougham)	$19,000

The Board believes that suitable vehicles for superior class taxi service can be acquired for much less than $22,000. For example, a 1985 Lincoln Town Car 4 door sedan, in "extra clean" condition (like new), can be purchased wholesale for $10,000. With a figure of $22,000 for vehicle capital cost in the financial model used to establish the superior class fare, applicants for new licences will have substantial latitude in their service proposals to undertake other service enhancements beyond the operation of a quality vehicle.

Dispatch services, management services, and professional fees

The cost figures for dispatch services, management services, and professional fees are the same as those estimated from the 1988 survey; it is assumed that these costs will not be higher for superior class taxis.

General licence fees

This figure includes those fees for licences which must be obtained by all taxi operators, as opposed to the licence fee which will be charged specifically for a superior class taxi licence, discussed below. These include fees for a taxicab business licence, taxicab driver licences, City of Winnipeg licences, and a radio licence. These general licence fees should not be higher for superior class taxis than for existing taxis.

Miscellaneous

The 1988 survey estimated miscellaneous costs for various supplies carried aboard a taxi, such as maps, paper towels, etc., at $250 per year. This is left unchanged for the superior class.

Capital costs

In the model, investment in real capital (vehicle, radio, etc.) is equal to $23,000. At an interest rate of 15 percent, this requires an annual return of $3,450 to cover the cost of the capital invested.

An operator will also require revenue to cover the cost of capital invested in the superior class licence. The superior class licence fee is set at $38,000; at an interest rate of 15 percent, this requires an annual return of $5,700 to cover the cost of the capital invested.

C. Fare structure for superior class of taxi service

The existing taxi fare structure is as follows:

$1.90 for the first 125 meters;
$ .10 for each additional 125 meters, and;
$ .10 for each 20 seconds of waiting time.

The Taxicab Board calculates an average taxi fare by using a "standard trip", which is considered to be a 10 kilometer trip with 6 minutes of waiting time. Under the current fare structure, a standard trip costs $11.60.

The financial model implies that a superior class taxi will have to generate $92,800 of revenue to fully recover all costs, compared to an estimated average revenue of $77,450 for existing taxis. In short, a superior taxi will have to generate 19.8 percent more revenue than existing taxis.

If superior taxis have the same level of ridership as existing taxis, the average fare for a superior class trip will have to be 19.8 percent higher than the current average fare, or equal to about $13.90.

The following fare structure is appropriate for the superior class of taxi service. In comparison to the existing fare structure, it will result in a 19.8% higher fare for the average taxi ride. Since the fixed costs of a superior taxi operation are considerably higher than the fixed costs for existing taxis, the fixed "drop charge" has been set considerably higher than the existing drop charge:

$2.65 for the first 107 meters;
$ .10 for each additional 107 meters, and;
$ .10 for each 18 seconds of waiting time.

FINANCIAL MODEL:

SUPERIOR CLASS TAXI OPERATION

Revenue		92800
Costs		
Driver wages	46400	
Driver benefits	3300	
Fuel	9400	
Repairs and maintenance	6600	
Insurance	3100	
Depreciation	7450	
Dispatch services	5000	
Management services	1750	
Professional fees	200	
Licences	200	
Miscellaneous	250	
Capital cost of vehicle and equipment	3450	
Capital cost of superior class licence fee	5700	
Net profit or loss		0

Note: figures have been rounded to the nearest $50.

MANITOBA

The TAXICAB BOARD

SUPERIOR CLASS OF SERVICE

by Terry Smythe
Chief Administrator
Motor Transport Board

Introduction

This document is to assist in implementation of the Taxicab Board decision respecting a superior class of taxi service in Winnipeg. It expands upon the basic concept and highlights the nature and focus of excellence of service as already in practice in a number of major centers throughout North America.

Objectives

1. To enhance the image and status of the taxi industry in Winnipeg.
2. To improve the quality of taxi service in the city.
3. To fulfill unmet demand for taxi service.
4. To provide greater consumer choice.
5. To make Winnipeg a city where it will be fashionable to take a taxi.

The Concept of Service Excellence

> *"Everybody talks about service, but not too many people are happy with it. Yet quality service is becoming more and more important in business today. Service is a critical for survival, it is the competitive edge in many organizations."*
>
> *Stanley Brown*
> *"Creating the Service Culture"* [1]

Regrettably, some taxicab companies are finding themselves in the uncomfortable situation where their user base is shrinking to minimum "users of necessity". The process is gradual and tending not to be noticed in the day-to-day operation of the business.

The reasons for this process tend to focus on a number of perceived "intruders" such as a second family car, subsidized public transit, stretch van "buses" behaving as taxicabs, U-Drives, corporate fleet vehicles, hotel vans, etc. There is no question that in many cases these intruders have contributed to the erosion of the customer base. However, in many instances, they are simply a competitive response to perceived opportunities.

Taxicab management has looked with justifiable alarm at this erosion of their previously safe array of customers, and in seeking out solutions have tended to focus on response time as a means to improve service levels. Unfortunately, response time is not the true measure of "service", which also embraces vehicle quality, cleanliness, comfort and features; driver appearance, conduct, grooming, knowledge, honesty, and attitude; corporate image, status, and services; dispatch efficiency, responsiveness, and responsibility; a host of relevant factors.

Perhaps a problem has not been perceived or detected because of a lack of complaints. However, according to Stanley Brown,

> *"One should never rejoice that his or her firm rarely receives any complaints, because the average company never even hears from 96% of its dissatisfied customers! For every complaint that is actually recorded, 26 other customers had problems with the firm, and 6 of those were considered "serious".*
>
> *Of those customers who do complain, between 1/2 and 2/3 will continue to do business with that firm, if their complaint is satisfactorily resolved. That number leaps to 96% if that complaint is resolved quickly!.*
>
> *According to TARP (Technical Assistance Research Programs, Washington, DC), only 17% of customers who were dissatisfied with a recent customer service experience intended to continue doing business with the offending company! Again, only 17%, less than 1 in 6, of customers who were displeased with the customer service they received would buy other products or services from that company. Loyalty increased to 50% when customer service was acceptable, and zoomed to 80% among those who were completely satisfied.*
>
> *In other words, excellent customer service is clearly a powerful marketing tool."*

The world is full of entrepreneurs constantly seeking out opportunities to provide a better service or a better product, so as to improve their competitive position and enlarge their share of a particular market segment. Such is the way of democracy and competition. The taxicab industry, even though regulated, is no different in its vulnerability to natural competitive forces.

It is precisely because it is regulated that the taxi industry has no option but to be vigilant in sustaining and continuously enhancing their service levels. For if they fail to do so, they will surely suffer from these external competitive forces.

Regulation of the taxicab industry is not intended to guarantee its success and survival. It only guarantees that the public interest will be protected. The industry has a responsibility to take its service levels seriously, and they would be well advised to heed Stanley Brown's advice.

According to Brown, the consequences of service neglect can be devastating, causing a 20% drop in profits, a 10% decline in sales, and an annual 2% loss of market share. The nourishment of a "service culture" is generally poorly handled, as less than 60% of the firms surveyed allocated a budget for training in service excellence.

Brown believes their are 5 key "pillars" that must be in place to nourish a service culture:

- Research into employee needs and beliefs, customer needs and competitive positioning.
- Management must accept responsibility for developing a service strategy.
- Service standards must be established that meet or exceed expectations of customers.
- The service concept must be communicated to employees and customers.
- Quality service must be encouraged and rewarded.

According to Albrecht & Zemke in their book, "*Service America*", service is not a competitive edge, it is the competitive edge. People don't just buy things, they also buy expectations. Those expectations emerge with each "moment of truth".

Donald Porter, Director of Customer Service Quality Assurance for British Airways, points out:

> "*If you're in a service industry, and you get it wrong at your point in the customer's chain of experience, you are very likely erasing from the customer's mind all memories of the good treatment he or she may have had up until meeting with you. But if you get it right, you have a chance to undo all the wrongs that may happened before the customer got to you. You are the moment of truth.*"

Carl Witten, Publisher of the Boston Carriage News, serving the Boston and New England taxi industry, observes that, "*10,000 cab drivers talk to a hundred thousand passengers!*". That is 100,000 moments of truth! From this, Albrecht & Zemke have concluded:

> "*When the moments of truth go unmanaged, the quality of service regresses to mediocrity*"

To better understand what is service so as to better manage these moments of truth, Albrecht & Zemke have determined that a service product - i.e., any incident of doing something for others for a fee - can be defined as having the following service characteristics:

- A service is produced at the instant of delivery; it cannot be created in advance, nor held in readiness.

- A service cannot be centrally produced, inspected, stockpiled, or warehoused. It is usually delivered wherever the customer is, by people who are beyond the immediate influence of management.

- The product cannot be demonstrated, nor can a sample be sent for customer approval in advance of the service; the provider can show various examples, but the customer's own haircut, for example, does not yet exist, and cannot be shown.

- The person receiving the service has nothing tangible; the value of the service depends on his or her personal experience.

- The experience cannot be sold or passed on to a third party.

- If improperly performed, a service cannot be "recalled". If it cannot be repeated, then reparations or apologies are the only means of recourse for customer satisfaction.

- Quality assurance must happen before production, rather than after, as would be the case in a manufacturing situation.

- Delivery of the service usually requires human interaction to some degree; buyer and seller come into contact in some relatively personal way to create the service.

- The receiver's expectations of the service are integral to his or her satisfaction with the outcome. Quality of Service is largely a subjective matter.

- The more people the customer must encounter during the delivery of the service, the less likely it is that he or she will be satisfied with the service.

Not every service can or should possess all of these characteristics, or even that these are the only characteristics a service can have. Nevertheless, these characteristics do paint a picture of a very special kind of transaction between buyer and seller: a transaction called "service".

Market Segmentation

It has been argued that Winnipeg's taxi industry cannot absorb additional vehicles, as there is insufficient business for the fleet at its current quota. This fear was addressed in the Board's March Report when it observed (p. 48):

> *"The market for taxi services is heterogeneous. There is a clear dividing line between those members of the public who of necessity use taxis because they are not able to drive themselves, whether due to poverty or disability, and those for whom the taxi is a convenience. Price and service elasticity of demand are clearly substantially different for the two groups.*

When taxi fares go up, the "users of necessity" are more adversely affected than the "users of convenience". When service quality goes down, the "users of convenience" find more suitable alternatives.

The "convenience" group generally values their own waiting time higher than would the "necessity" group. The "convenience" group could therefore be charged more in order to attract the capacity necessary to provide the lesser waiting time for which they are prepared to pay.

It would appear from the general views of Winnipeg businessmen that the current regulatory structure fails to allow the provision of service at a level that will attract their business, and that should service be offered at such a level, total demand for taxi services in the City would increase substantially."

Throughout the public hearings, and subsequently to the present, the industry has consistently drawn attention to long wait times between dispatch calls as their evidence of insufficient business to support the present fleet size. It is probable the industry is correct in this perception as it tends to focus on "*users of necessity*".

It is important that the industry attempt to see itself through the eyes of lost customers, and to reach out, attract, and "capture" potential customers who do not now use taxi services - the elusive "*users of convenience*".

Experience in other major cities where "*users of convenience*" have been the focus of attention have clearly shown that this market segment will start to use taxi services when those services become sufficiently attractive as to inspire a change in their attitude. Whatever company chooses to be the best to provide the superior class of service will become the first that this market segment will telephone for service as an alternative to their present practice.

Market Survey

A market survey of 687 Winnipeg residents, conducted in March 1990 by the independent Prairie Research Associates Inc., determined that almost one third of Winnipegers would use taxi services more if a superior class was available, and one half would be prepared to pay more for such a service.

Detailed analysis of the survey indicated overall taxi ridership would increase by 20% with the presence of the superior class of service at a 20% higher fare. This would facilitate a quota expansion of up to 80 licences without adversely affecting existing licence holders.

As the survey was conducted with 687 Winnipeg residents only, it was impossible to verify the expected demand for this service by tourists and non-resident business travelers. Such a service will likely be appealing to these types of users, who would add considerably to the demand. As result, the estimate of increased usage of the superior class is likely much lower than reality, a very favourable consideration.

Superior Class Examples

While perhaps new to Winnipeg, the superior class service concepts outlined herein are not unique. High quality taxicab service companies are already in place in numerous major centres throughout North America, and all appear to be thriving.

What is significant about all of them is that they are marketing oriented companies aggressively seeking out a wide variety of clients not previously using taxicab services.

All have developed a total service concept so good that their company is the first to be called. Their drivers are true professionals and are rarely idle. Because of high quality and frequent rides, financial success for owners and drivers is highly probable.

It is likely that innovative taxicab companies like those illustrated in the attached documents can be identified in most major centres. The few illustrated here exemplify the essential characteristics that make such companies successful.

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1. Sponsored by five major Canadian firms and by the Faculty of Management of the University of Toronto, Brown recently surveyed 1000 companies and wrote a book, *"Creating the Service Culture: Strategies for Canadian Business"*, available from Prentice-Hall. Copies of the research report itself can be obtained from L&H for $25 by faxing them at (416) 977-3538. The report is called *"I.D.E.A.: The Status of Innovation and Service Excellence in Canada."*

PS-1-25

Manitoba

Memorandum

Date: 27 Aug 90

To: Note To File

From: Terry Smythe
Chief Administrator
Motor Transport Board

Subject: Superior Class of Service, London, Ont

Telephone: 6713

First | Fold

On Friday, 17 Aug, Al Poltaruk introduced me to Brian Waters, Chief Draftsman for District 12, Department of Highways. Knowing of my interest in developing a superior class of taxi service here in Winnipeg, he told me about such a service in London, Ontario. Seems Brian has spent a considerable amount of time there as a heart transplant patient, and was a frequent user of cabs.

One quick call to a friend in London focused on Checker Cab as the most likely provider of that service, and I quickly found myself talking with Rob Ward, the General Manager. The following emerged out of our conversation:

1. London population - 285,000, taxi quota 1/1030, with a current street value of $48,000. That ratio currently places 275 taxicabs on the street.

2. London's taxi by-law regulates taxicabs rather heavily. Transfers are allowed, even though the licences are the property of the city. The city is attempting to find a way to eliminate street value, and is looking to Calgary for a possible solution.

3. The by-law sets tight controls over taxicabs, but fails to do the same for limousines which are, as a consequence, exempt. There is no limit on limos, which are not defined and operate on zone fares, they are allowed to compete against regular cab service, and their licences have no street value. If Rob so wished, he could place 300 superior class vehicles in service tomorrow at a licence price of $275 each ($55 renewal).

4. All his 15 vehicles are Lincoln Towne cars 1986 to 1983, and he expects to have 30 on the road by Christmas 1990.

5. He will not consider applicant drivers unless they already have a positive track record of successful driving elsewhere. After he accepts them, he provides 1-2 days of chauffeur training.

6. His Checker logo is carefully and widely used throughout his company. Every form, every manual, every advertisement, all roof top lights, and even shirts and sweaters have the same logo. (See attached)

7. One of his drivers is an on-road supervisor who is constantly reviewing the appearance and performance of the other drivers. He also accepts paying fares.

8. He leases his vehicles for $75 per 24 hour shift, and feels this provides him an adequate return on his investment.

9. Rob's background was as a National Sales Manager of a large company specializing in Heavy Vehicle After-Market Parts & Supplies. He applies his marketing savvy to Checker Cab quite successfully.

10. From his membership in the London C of C, he maintains a mailing list of every business executive in the city, and he frequently sends out direct mail advertising promoting his services. He estimates 1-2 new corporate customers weekly, who generate an estimated $250-300 daily revenue per vehicle.

11. He estimates the majority of his new customers are business executives who did not previously take cabs, or who previously maintained a small fleet of internal pool cars, and who have generally rallied around him because of his superior class of service.

12. He believes he has captured about 10% of this new market opportunity, and his target is 30%. He believes he has been solely responsible for creating this new market where there was none before. Very few of his customers have switched from regular taxi service.

13. He charges zone fares, largely unregulated, and he feels they place his about 5% more costly than regular service.

14. He is starting to observe a ripple effect where regular cab service is beginning to generally improve upon their service in direct emulation of his high quality service.

15. All his drivers wear dark dress trousers, white shirt, maroon tie, and in cool weather a black sweater with his logo.

16. Contacts:

Mr. Rob Ward
General Manager
Checker Cab Co.
331 Sovereign Road
London, Ontario N6M 1A6
(519) 659-0400

Mr. Ken Sadler
City Clerk
London, Ontario
(519) 661-4530

CHECKER
Limousine & Airport Service
(Div. of Voyageur)

331 SOVEREIGN ROAD
LONDON, ONTARIO N6M 1A6
TEL.: (519) 659-0400 • FAX: (519) 455-4402

You are now a representative of Checker Limousine and Airport Service,and we offer the best possible service available. Let your professionalism and courteous attitude reflect the pride we have in that service

LIMOUSINE DRIVER DESCRIPTION

DRESS CODE

-grey pants
-white shirt
-black sweater (Checker)
-tie
-black dress shoes and socks

VEHICLE

-circle check (tires,lights,oil,etc.)
-vehicle must be clean at all times and washed at least once a day
-car must be fueled at END of each shift

CONDUCT

-pickups must be made on TIME
-car must be at a comfortable temperature when the fare is picked up
-ask if they are comfortable
-everything said by customer is CONFIDENTIAL
-speak only if the customer wants to engage in covers-tion
-know destination and shortest route

ALWAYS

-open doors and help with parcels
-note complaints and bring them to the offices attention
-if any questions please ask

2WAY RADIO

-is there for you to communicate with the dispatcher not for having converstions with other employees.

REMEMBER

STUPID QUESTIONS ARE BETTER THAN STUPID MISTAKES

Transportation To and From The London Airport

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Our company has pledged to give you top quality service at all times. If you are planning a t[illegible]om the London Airport, give us a call. No surprises! You will be picked up [illegible]urteous driver and driven in luxury to your destination on time. Next time ca[illegible]Checker. (Affiliated with Voyageur Limousine)

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We require part time & full time drivers, brokers, and part-time dispatcher. Contact:

Mr. Ward 659-0400

DRESS CODES

They ARE for everyone

Dressing well is as important for back-room clerks as it is for those on the front lines.

By Ann Chadwell Humphries
Knight-Ridder

When supervisors discuss how to counsel staff on grooming and dress, they give a wide range of approaches.

The first method is to ignore it, and maybe it will go away.

There's the hot potato method: "You tell her." "No, *you* tell her."

WARNING: Then there's the no warning method: "Your dress is inappropriate for our work here, and unless you change, we'll find a replacement."

Although many of us understand the importance of dress and grooming, some people still haven't learned it.

It isn't vanity, it's making a good visual impression.

Dr. Albert Mehrabian of UCLA's psychology department found that 55 per cent of our message is conveyed by how we look when we speak.

Dress standards are not limited to people in certain professions. Dressing well is just as important for the back room clerks as it is for the customer service representative on the front lines.

It also applies to individuals who dress to distract or bend the rules, and it applies to employees who wear uniforms.

Chuck Carreon, manager of branch operations for a bank in Los Angeles, Calif., says his company has a dress code.

"(It's) reasonable, specific and supported by the company," he says. "We tell people about it during the interview process.

"If people dress inappropriately, we send them home and tell them to change and return in 30 minutes," he says. "We even schedule a casual day periodically to boost employee morale."

As a manager, you need to take the responsibility to counsel employees about their dress.

You should develop a strong policy that takes you off the spot. Your policy can be casual, but nobody wants sloppy. For the formal sector, [illegible]hedule casual days periodically.

NO APOLOGIES: If you have to call an employee on inappropriate dress, be specific. Tell them what's wrong with their attire. Don't apologize for enforcing your policy, but be consistent.

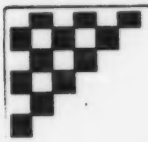
If the dress policy is important enough, provide short seminars to keep your staff updated and coach them on how to shop for professional outfits.

Ann Chadwell Humphries is an etiquette consultant.

CHECKER
Limousine & Airport Service

Robert (Rob) Ward
General Manager

331 SOVEREIGN ROAD, LONDON, ONTARIO N6M 1A6
TEL.: (519) 659-0400 FAX: (519) 455-4402



CHECKER
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659-0400

331 SOVEREIGN ROAD, LONDON, ONTARIO N6M 1A6

DATE _____ TIME _____ LIMO # _____

AMOUNT _____

FROM _____ TO _____

DRIVER'S SIGN. _____

CHECKER Nº 5064
Limousine & Airport Service

GROUND TRANSPORTATION CHARGE VOUCHER

Company Name _____

From _____ To _____

Amount $ _____ Vehicle No _____

Date _____ Time _____

Customer Signature _____

Customer Name (printed) _____

Driver's Signature _____

WHITE - CUSTOMER CANARY - ACCOUNTING PINK - DRIVER

LONDON FREE PRESS
(LONDON, ONTARIO)

LIMOUSINES

Versus

TAXIS

Limousine taxis are nosing into a London market where a restricted number of licences control regular taxi service.

By John McPhee
and Free Press staff

TAXI BROKERS are looking in their rear view mirrors these days.

There's a long, luxurious shape coming up fast on the road behind them.

The limousine taxi is coming on track in downtown London.

"It's exciting," says Perry Ferguson, spokesman for the London Limousine Owners Association. "This has kept us going at 100 miles an hour."

Ferguson owns Voyageur Limousine Services, which recently branched off into a downtown service with Checker Limousines in competition with regular taxis.

Taxi companies aren't too worried about the competition because so far limousines are few in number, says Geoff Parkins, president of the 188-vehicle U-Need-A-Cab taxi operation.

But he says taxi owners are concerned that the public is protected because, while limousines come under the city's taxi-cab by-law, there are no regulations governing their operation because they didn't exist in London when the law was drafted.

"We're concerned for the public. What is a fair rate? Limos can charge whatever they wish, when they wish to," says Parkins.

Generally, customers pay about 10 per cent more than regular taxi charges for the limousine-taxi service. (City regulations set regular fares at a $2.05 base charge plus 10 cents for each additional 106 metres travelled between 6 a.m. and 11 p.m. After 11, the base charge goes up to $2.45).

NOT A STRETCH: The limousine taxi is not to be confused with the standard stretch limo used almost exclusively for special occasions, says Greg Quinn, president of Classic Touch Limousines, which has 10 stretch vehicles.

He says he doesn't like the hybrid limousine taxis because "it hurts our image" when people see "a nice limousine" with taxi lights on top.

Checker started last January on Ferguson's hunch that changing attitudes and what he says is a complacent taxi service have opened a new market in personal transportation.

He says he believes that the 1980's attitude of stress-free living has increased the popularity of what were previously considered luxury items and services. He says limousines became more accepted first in servicing weddings and special occasions when people didn't have the time to handle transportation details.

The same demand exists in the regular personal transport market once owned by taxi cabs, Ferguson says.

"We've focused on the need for a higher quality of service with Checker," he says. "People want services that make life easier. I think we've found one avenue which fulfills that."

The limo cabs — all Lincoln Town Cars, some equipped with phones — are driven by uniformed people who "know what's expected of them."

This means special treatment of customers such as opening doors, an ability to help orient first-time visitors to London and maintaining polite manners.

Ferguson's companies are bigger than most: Checker has a fleet of 10 vehicles while nine limousines make up Voyageur's original contingent for airport customers.

Ferguson's father, John, started in the limo business 11 years ago with Voyageur when the service was considered strictly for the high-brow crowd. Ferguson says the market has since expanded to include a much larger slice of London's population.

"It wasn't a big business until the last five or six years," Ferguson explained.

There are now 14 limousine companies in London, Ferguson says.

The limo business has grown rapidly in the last couple of years, agrees Rudy Davis, manager of Luxury Limousine on Oxford Street at Wonderland Road.

60 LIMOS: He estimates there are 60 limos operating in the city now. "People are getting more used to the idea of limos," he says.

A student at Western, Margaret Hoffman, says she's used limousine services comparable to Checker in Toronto. "It's great," she says, "you only pay a little more and it's better service."

Ferguson says there is money to be made as a driver and an owner in the limousine business. "If you give people quality, profits will follow." He says up to $1,000 can be made for 18 hours work with a limo.

Ferguson says the lack of competition in London's taxi industry has created big opportunities for limo owners. The London taxi industry has been regulated since 1966. Based on London's current population, the city limits the number of licences to 253.

LICENCE MONOPOLY: Ferguson says this has led to a monopoly held by the two main taxi brokers, U-Need-A-Cab and Aboutown who own most of the licences.

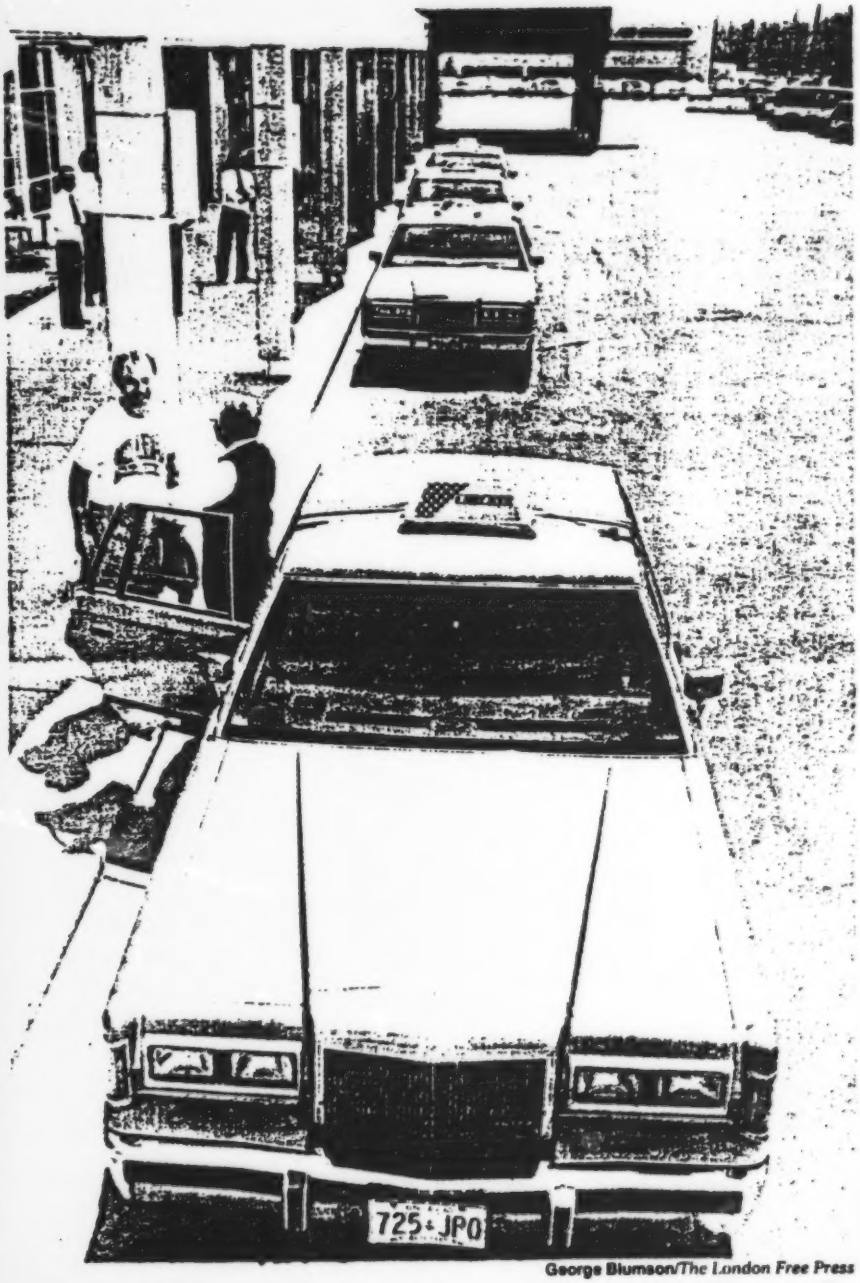
"There's little motivation to improve service when you have the market cornered," he says.

Even taxi drivers agree there is a problem with providing adequate service all the time. Barry Wells, information officer for the London Taxi Drivers Association, says, "There are not enough taxis for the public during peak periods."

Wells and other drivers have started a campaign to lift the ceiling on taxi licences.

John Palmer, an economics professor at the University of Western Ontario, says the regulations have left consumers out in the cold, with the poor service. But, he adds, "the regulations have made a couple of taxi owners really rich."

Until changes are made to the system, Ferguson says his business can only improve. "The regulations have given us an edge," he says. "We're thinking seriously of adding more cars on to meet the demand."



George Blumson/*The London Free Press*

Taxi business stretched

Limousines and limousine-taxis like this one operated by Frank Traher are competing with traditional taxis in London these days and some taxi owners say they are at a disadvantage.

"People want services that make life easier. I think we've found one avenue which fulfills that."

Perry Ferguson
London Limousine Owners Association

George Blumson/The London Free Press

Limousine taxis from Checker mingle with other taxis at University Hospital where all taxi and limousine companies are allowed to pick up and deliver fares.

Manitoba

Memorandum

Date 26 Apr 90

To Note To File

From Terry Smythe
Chief Administrator
Motor Transport Board

Subject **Trip Report - Calgary 24/26 Apr 90**

Telephone 6713

First | Fold

Objective

To view firsthand the taxi industry in Calgary, alleged to have a component offering a superior class of service, and to attend a joint meeting of the Edmonton and Calgary Taxi Commissions.

Events

1. 24 Apr, 9:00 AM to 11:30

   Reviewed the service and flow of taxicabs at the Departures level of the Calgary International Airport.

2. 24 Apr, 6:15 PM to 8:00 PM

   Private Meeting with Mr. Al Enders, President, Checker Cab

3. 25 Apr, 9:30 AM to 11:00 AM

   Private Meeting with Mr. John Parkins, General Manager, Calgary Taxi Commission.

4. 25 Apr, 11:15 AM to 12:30 PM

   Tour of the Airport Corral, Facilities, and Dispatch Service

Calgary Taxi Industry Overview

1. Open licencing system, 1200 vehicles, recently capped at 1200, licences non-transferrable, no street value, 13 major companies (17 in total).

2. Emerging from de-regulation in 1984. Calgary's "open" system, coupled with the normal dynamic forces of competition, has put too many vehicles on the road. The Commission is attempting to shrink back the quantity of cars without intruding into the competitive forces now producing a generally high quality of taxi service.

3. Individual owner-operators are discouraged. Brokerages of not less than 5 vehicles are encouraged. The 13 major companies (brokerages) each have a corporate identity and "colors" protected by the Commission. Dominant decision factors focus on the quality of the applicant's business plan, with emphasis on service quality, vehicle quality, driver quality, and self-regulation.

8. The Commmission is reluctant to impose minimum vehicle age, principally because the automotive industry continues to migrate into ever smaller vehicles, making it increasingly more difficult to equip the fleet with new large cars. So long as Calgary's taxi industry continues to demonstrate their ability to maintain older luxury vehicles in first class condition, the Commission is prepared to accept older cars, so long as they pass a stringent vehicle inspection.

Departure Level Review

The Airport Hotel Coffee Shop overlooks the taxi stand on the Departure Level of the Calgary International Airport. Over numerous cups of coffee over a 2 1/2 hour period, I observed a large number of taxicabs pass through, and offer the following comments:

1. Of several hundred vehicles from all companies, all appeared to be full size or larger, many were luxury cars, few were limousines.

2. I saw no dirty or damaged vehicles.

3. About 1/3 of the incoming taxicabs moved into the taxi stand after dropping their clients. If space is available, they are allowed to stand and wait for a client on spec, and most were successful within 10 minutes.

4. Without exception, I observed that all drivers did open doors for their clients, and did assist with their luggage.

5. All drivers immediately upon entry into the taxi stand, did a walk-around inspection of their car, all cleaned their windows inside and out, and a few did some interior clean-ups and minor adjustments and repairs.

6. Most of the drivers were dressed in either a 2 piece black suit, or a uniform, white shirt and tie, polished leather shoes, no headress of any kind, were in visibly fit physical condition, were well groomed, no beards, hair cut short, and were neat and clean.

Airport

John Parkins took me out to the Airport to see the Corral, and his dispatch service. The following will be of interest:

1. The Corral currently has capacity for approx 250 vehicles if tightly packed. The Commission is considering restricting it to approximately 150 to provide for clear fire truck access between every row in event of a vehicle fire.

2. The Commission erected a permanent washroom on Transport Canada premises alongside the Corral, and are considering enlarging it to provide a waiting room, P.A. service. and Arrival/Departure monitors. The Commission also arranged for a mobile Canteen service to be on the premises all day, every day.

3. Of some 200+ cars, all companies, in the Corral, we found 1 car with a damaged tail light lens, 1 car with a small amount of rust, and 2-3 cars with small quantities of surface rust. As many had thier trunks open (for minor repairs), I noted a number containing 2 propane tanks, several restricting the space available for luggage. Amendments to city-laws are underway to prohibit propane fuel tanks in trunk space.

4. All but 2 cars were full size vehicles, with a notable number of Cadillacs, Lincolns, Buicks, Olds, Chryslers, etc. The 2 were intermediate size Chevs, providing low-end service.

5. I observed several large groups of drivers gathered in casual conversation while awaiting their call. By a large margin, most appeared to be of East Indian heritage, very few wearing head dress, most fit, trim, and dressed in 2 piece black suits, and groomed very well indeed.

6. John introduced me to a number of drivers and owners for a brief discussion, with friendly conversation focusing on Commission procedures and developments, Corral development, and Calgary events.

7. The Commission staffs a Taxi Dispatch stand at the main terminal. There is a single dispatcher on duty 6:00 AM to 10:00 PM every day, and he has responsibility to assist with luggage, and control the number of cabs brought up to the face of the main Arrivals terminal.

8. From the Corral, the last of a 25 car curb line-up at the small terminal can just be seen. As that car disappears from view, the lead car advances to that line-up. All in the line can see a set of traffic lights that call for x cabs, as required by the dispatcher out of sight around the corner. If a luggage problem emerges, the dispatcher can use the P.A. system to call for the next station wagon in line back at the Corral.

Al Enders Visit

Mr. Al Enders is President of Checker Cab, the premier cab service in Calgary. With John Parkins intercession, he agreed to see me during the evening, and I met with him for 2 hours. The following of interest emerged:

1. Back in 1984, he was operating Shamrock Cabs, which he described to me as the sleaziest service in town. It was so bad that he was personally embarrassed every time he had to reveal, most often in social circumstances, of his affiliation with Shamrock.

2. With a basic management decision, he killed Shamrock and started up a whole new company - Checker Cab. With a fresh start-up, he built the company to a whole new set of rules never before attempted in Calgary. As he sez, "I've never driven a taxi in my life, so I didn't know that what I wanted to do could not be done. So I went ahead and did it anyways."

3. He personally selects and purchases large, full size luxury cars fully equipped with all power equipment, air conditioning, plush upholstery, generally 1986 down to 1982, and reasonably good condition. These vehicles he in turn sells or leases to his independent operators. If they wish to be a part of his company, they must acquire his vehicles only. His fleet is now up to 220 vehicles for his taxi service.

4. He operates a complete body shop to paint all his vehicles black with gold trim. These are his colors protected by the Commission. Any body damage, including modest surface rust, is cause to take the car out of service for repair and/or repainting. All his cars must "gleam".

5. He operates a companion facility to provide service, repair, and maintenance as needed for his fleet. About the only thing he does not do is replacement of engines and upholstery.

6. He operates his own gas and propane refueling depot for his fleet. Ordinarily, his vehicles are fueled at the same time stand rent is paid daily. This simultanously provides a daily opportunity to inspect the vehicle and the driver.

7. His 4 managers recruit drivers from among those who are already professionals. He never advertises for drivers as there are always qualified applicants knocking at his door. All his drivers are required to be trim and fit, clean shaven, hair trimmed neatly, well groomed, personal hygiene exceptional, wear 2 or 3 piece black business suit, white shirt and tie, polished black leather shoes, no headgear at all, and none receive a clothing allowance. His drivers must sign an agreement to these conditions before they are hired. His operators do not hire drivers for their own vehicles.

8. His driver recuits must produce a clean criminal record, a relatively clean driving record, and pass a driving test of 2 hours on city streets, before being allowed to enter his driver training program. This program is only one day long because his candidates are already proven professionals. That one day covers the finer points of the Checker image, the Checker service, and the Checker pride.

9. He employs a professional full time educator, and maintains classroom facilities which I visited, and in which he showed me his 30 minute introductory video in which he is the principle speaker, laying out his philosophy as to his expectations, image and status.

10. He has a 30 sec TV ad he runs alternating 3 month periods, about 20 times daily. He showed me this ad, and it was an impressive statement of his classy taxi service, "...all at regular cost..."

11. He pays considerable attention to detail and small things, like lapel name plates and business cards for all staff, phone cards for every residence in those districts he chooses to serve, a classy receipt, nifty little goodwill builders such as fridge door magnets in the shape of a Cadillac bearing his phone number.

12. 3 of his managers spend a sizeable chunk of every day cruising and doing spot checks on his drivers and vehicles. He does not use "ghost" passengers to check up on his drivers.

13. The customer is always right! In event of a rare dispute, the ride is free. One complaint = private fireside chat with the President. Second complaint = non-negotiable firing. He is never wanting for replacement drivers.

14. Within the same physical premises, he also operates Checker Courier and Ambassador Limousines. All 3 companies are advertised separately, and all 3 have separate and distinct phone numbers. His telephone operators have a procedure in place to identify all calls into Checker Cabs with a higher priority.

15. He focuses his marketing efforts on the business and tourism community, and those residential districts in which he particularly wants to do business. If the Manitoba Taxicab Board one day chooses to introduce a superior class taxi service, he would appreciate being on the mailing list.

16. He is a tough minded, hard nosed, marketing oriented business executive, and admired by his staff. He has managed to generate and sustain corporate pride in their service. He was not prepared to reveal financial and other contractual details. He did observe that with licences having no street market value, good money can be made at the regular rates because his superior vehicles/drivers are always on the road

with very little wait time. Where a street value exists, a proportionately higher rate will be required to offset the artificial investment. "You gotta get rid of that 'street' value; it'll just get in the way!"

17. Contacts:

Mr. Allan G. Enders
President
Checker Cabs Ltd.
316 Meridan Road
Calgary, Alta T2A 1X2
(403) 272-1111
(403) 248-0584 (fax)
1-800-661-1355

Mr. John D. Parkins
General Manager
Taxi Commission
PO Box 2100, Station M
Calgary, Alta T2P 2M5
(403) 291-4660

Ride Sampling - Winnipeg & Calgary

As part of this trip, I sampled 5 rides, 2 in Winnipeg, and 3 in Calgary. For all, I did not reveal my name, affiliation or purpose. With each, I declared both pick-up and destination addresses once only.

1. Winnipeg Departure - 6:30 AM, 24 Apr

Called Spring Taxi evening prior for 6:30 AM, arrived 6:28 AM. Driver was middle aged, trim, neatly dressed in a windbreaker, open neck sportshirt and casual slacks, modest conversation. He came to the door, and assisted with a heavy cardboard box item of luggage. The vehicle was an older intermediate size car with "plastic" seats, no "air", relatively comfortable, clean, and quiet (both radios turned off), driver licence in the moulding above his head and could not be read from the rear seat, Board # not displayed inside the vehicle. On arrival, he assisted once again with the luggage. Fare was $8.50 and that included a 10% tip.

2. Calgary - Checker Cab, 8:05 PM, 24 Apr

Called for cab at 8:00 PM, and it arrived at 8:05. Driver was young, male, trim, athletic, well groomed, clean shaven, hair cut short, black 2 piece suit with white shirt and tie, polished black leather shoes, neat and clean, East-Indian heritage, conversation difficult. He opened the right rear door, assisted me in, and made sure I really was in before closing the door. Notwithstanding conversational difficulties, he did not ask for the destination address to be repeated. The vehicle was a gleaming black '81 Olds "Royale", flawless plush interior, air, tinted windows, AM/FM stereo cassette softly tuned to an easy listening station, dispatch radio turned off, licence tucked in moulding above his head and could not be read, Commission # not displayed inside, discreet sign permitting smoking only with concurrence of all in the vehicle. Ride was smooth, quiet, comfortable, luxurious, and by most direct route arrived accu-

rately without direction. On arrival, he opened the right rear door for me, and offered both a receipt card and another card should I wish to call again for service. Fare was $9.00 and included a 10% tip.

3. Calgary - Prestige Cab, 9:30 AM, 25 Apr

Called for cab at 8:30 AM for 9:30 AM pickup, arrived at 9:35 AM. Address was obscure, difficult for most people to find. Driver was an ample middle aged woman dressed in a sport jacket over a dress with walking shoes, well groomed, hair done neat but short, good conversationalist, and she opened the right rear door for me. Vehicle was a clean silver '81 Olds 98, missing button off the door lock pillar, not fully power equipped, air, clean neat plush interior, No Smoking Please!, AM radio only and operating at moderate volume on a talk show, dispatch radio also left on continuous, could not read her licence inside the moulding over her head, smooth ride, reasonably comfortable, not luxurious, most direct route accurately without direction, and opened right rear door for me. She did not have a return call card to give me, but did give me a modest receipt card. Fare was $9.50, including a 10% tip.

4. Calgary - Associated Cab, 6:30 PM, 25 Apr

Called for cab at 5:15 PM for 6:30 PM pickup, arrived precisely at 6:30 PM at same, hard to find address. Driver was a young male, athletic, trim, clean shaven, well groomed, dressed in a blue uniform Eisenhower jacket, pale blue shirt with tie, polished black leather shoes, excellent conversationalist, did not open door for me. Vehicle was a clean dark blue '82 Olds "Royale" with very nice clean plush interior, air, No Smoking Please!, AM/FM radio operating moderately on soft rock, dispatch radio left on throughout ride, could not read his licence in the moulding over his head, Commission # not posted inside, smooth ride, reasonably comfortable, not luxurious, used an obscure most direct route 2 miles and 10 minutes shorter to the airport. On arrival, did not get out of the car to open door, did offer a card with the number to his in-car cellular telephone which I had overlooked earlier, and gave me a modest receipt card. Fare was $13.00, including a 10% tip.

5. Winnipeg (Return) - Unicity Cab, 11:15 PM, 25 Apr

Left the terminal, and took the first cab in line, #253. Driver did not get out of his car to assist, although all I had was 2 brief cases, in the dark I determined he was a mature male, 2-3 days stubble growth not trimmed, dressed in windbreaker of some sort, not well groomed, hair not combed, and when I declared my home address, he had difficulty asking me where it was, I had difficulty telling him the route, no conversational ability. Vehicle was about a 77-79 Chev Caprice, equipped with a horizontally sliding safety shield which itself was very dirty and difficult to see through, AM radio tuned softly to an easy listening station,

dispatch radio left on, no air, interior appeared in the dark to be non-standard cloth upholstery, cleanliness uncertain, driver licence did not appear to be displayed anywhere although there was large numbers of loose papers above and banded to the visors, and Board # was not displayed inside. On arrival (my direction throughout), he did not get out, did not assist with doors, and did give me a modest receipt card. Fare was $8.50, no tip.

Conclusions

1. The absence of a street market value in Calgary is a direct contributor to their highly successful competitive situation.

2. Checker Cab is highly successful and has earned the major market share because he carefully cultivates and concentrates on his end users. Enders makes his cab service so attractive that his target customer base call his dispatch first.

3. If Enders ever becomes complacent, his market share will slip because there are a number of other competitors out there nipping at his heels.

4. Competition is alive and well in Calgary, and city residents benefit as a direct consequence.

5. Checker's success comes partly from dynamic, hard-nosed leadership totally focused on satisfying their customers and maintaining and enlarging their market share.

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- Same day service to Edmonton and Calgary
- Agency for Greyhound
- Overnight ground to B.C., Saskatchewan, and Alberta

With Checker you will appreciate our professional yet friendly way of doing business.

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Checker Courier
Ambassador Limousine
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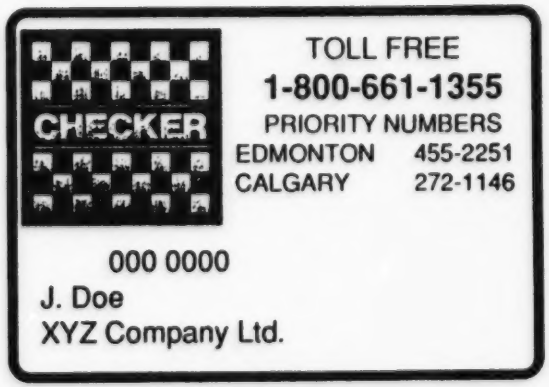
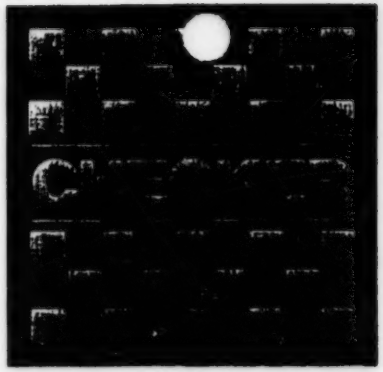
Calgary, Alberta T2A 1X2
(403) 272-4111

Edmonton Sales & Administration
Checker Cabs
Checker Courier
11252 - 119 Street
Edmonton, Alberta T5G 2X3
(403) 455-2233



Get your Checker corporate priority card, and take full advantage of all these services.

THE CHECKER GROUP



THE CHECKER GROUP

"Serving the Quality you Deserve"

THE C ECKER GROUP

Presidents Message

In the summer of 1984, Checker Cabs was introduced with the concept of offering the highest quality taxi service in North America.

In Calgary and Edmonton we have accomplished this goal, raising the level of service to what our customers deserve. The dedicated personnel at Checker Cabs ensure that we maintain these standards of quality and consistency.

Our drivers and staff wish to thank you, our customers, for the vote of confidence that you have shown.

Due to the positive response to our innovations in the taxi industry, we have expanded this same corporate philosophy into our courier and limousine operations in Edmonton and Calgary.

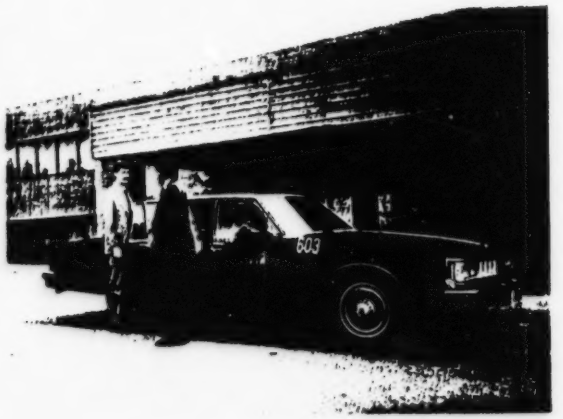
Through being creative, we fully intend to maintain and improve our level of service to meet your present and future needs.

Allan G. Enders
President

CHECK R CABS

Leading the Way with

- Full size luxury cars
- Computerized dispatch
- Toll-free airport bookings
- Non-smoking or smoking requests
- Guaranteed time calls
- Air-conditioned cars
- Courteous, prompt, caring, professional drivers.



We believe our customers should receive the best possible value for their transportation dollar... our drivers and staff are eager to provide this service.
Let Checker provide you with comfortable and efficient travel.

Dispatch

Calgary	Edmonton
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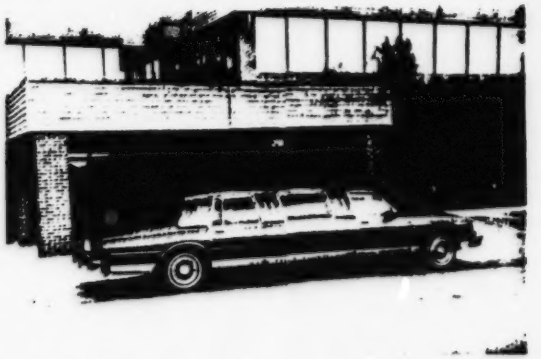

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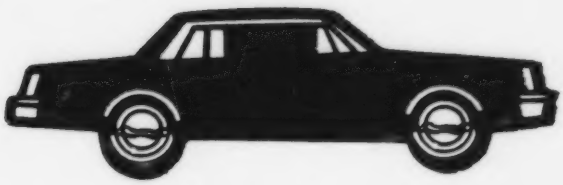

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Winnipeg Yellow Pages

Manitoba

Memorandum

Date: 23 Aug 90

To: Note To File

From: Terry Smythe
Chief Administrator
Motor Transport Board

Subject: **Superior Class of Service, Minneapolis**

Telephone: 6713

First | Fold

On Saturday morning, 18 Sep 90, I flew to Chicago via Northwest Airlines, and my flights left me with a 3 hour wait at the airport in Minneapolis. In a discussion a few days earlier with Mr. Tom Lijewski, President, Prestige Cab, I mentioned I had this free time, and he offered to meet me at the airport for an opportunity to discuss at length some ideas he had about his superior class of taxicab service in Minneapolis. I did meet him there, and the following of interest emerged from out of a 2 1/2 hour enthused discussion:

1. Tom is legally blind since birth, and got into the taxi business as a conscious business decision. Believing he could provide a service superior to anything currently offered in Minneapolis, he formed Premier Cab as a new company from a zero base about 1 1/2 years ago. Knowing nothing about this industry, he set out to recruit the General Manager of the then best cab company in town. He was successful, and Fred Shaw joined him in the early stages of company development as his Vice President and General Manager.

2. Both men are agressive "markateers". A portion of every working day is spent marketing their services to business executives and convention planners, and writing contracts with them for the provision of superior transportation services to their staff and visitors. On an average, they estimate 2-3 new contracts weekly.

3. Currently, their company, after a year of operation, is now running 15 Lincoln Towne cars, and they are targeting year end to have 30 on the road. All cars are fully equipped, and maintained in like-new condition under contract with a local dealership.

4. All cars are equipped with cellular telephones for customer service, and plans are underway to equip all vehicles with mobile fax machines operating off the cellular network.

5. Even though he has only 15 cars at present, all are dispatched under computer control, using a modest AT clone.

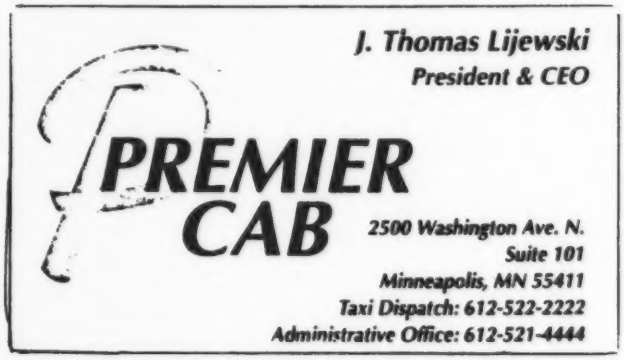
6. He is currently offering his superior class service at regular fares, but contends that the regulated rates do not provide an incentive to do better. Consequently, he has prepared and tabled a proposal to the Minneapolis Taxicab Authority that they consider and approve a 2-tier fare schedule, wherein companies providing a superior class of service may qualify for charging a fare about 20% higher than regular fares. His proposal is currently under review.

7. He requested that he be placed on our mailing list in the event that the Manitoba Taxicab Board one day decides to make possible a superior class of taxi service in Winnipeg.

8. Contacts:

Mr. Tom Lijewski
President & CEO
Premier Cab
2500 Washington Ave, N., Suite 101
Minneapolis, MN 55411
(612) 521-4444

Ms. Clara Schmidt-Gonzales
Assistant Director
Taxicab Authority
1C City Hall
350 South 5th Street
Minneapolis, MN 55415



Luxury cab service Vancouver success story:

courtesy of the Vancouver Taxicab Owners Association

North Shore Taxi is a 72 car shareholder fleet providing service to 150,000 people of North and West Vancouver. (West Vancouver boasts Canada's highest incomes per capita).

In 1980, Sunshine Cabs made an application to supply luxury taxi service. Although North Shore bitterly opposed the application, Sunshine Cabs was granted 28 licenses to operate mainly Cadillacs and Lincolns.

In response to this competitive challenge North Shore Taxi developed a business plan to provide luxury service to the upper end of the taxi market.

After some false starts and some management reorganization, North Shore decided to provide a quality service to a market niche that was slightly below the market served by its competitor.

North Shore took an evolutionary approach to change. A contract was drawn up for shareholders that wanted to put on higher quality cars and employ drivers that adhered to a higher dress code that included ties. Tom Dodsworth, a director of North Shore, says that ues create a good first impression and distinguish North Shore taxi drivers from taxi driver from other companies. These cars would receive priority on airport trips and personal requests for luxury taxis.

The change from ordinary to model company took place more quickly than anticipated as shareholders of regular taxis began to see the luxury fleet get more lucrative trips and higher tips. Within three years all North Shore taxis belonged to the luxury fleet.

Today, North Shore is the model for other Lower Mainland taxi companies. Buz Reid, a long time North Shore driver, has formed a driver's association which works in conjunction with management to provide better working conditions and a more stable workforce. Buz and Tom are very active in recent committees formed to study industry employment and training committees problems and to make recommendations that will become part of pending taxi standards legislation. Their experiences at North Taxi has been much appreciated by committee members.

Congratulations to a taxi company that has very successfully adjusted to change. We hope that your experience will encourage other taxi companies to successfully meet future challenges.

Hossein Ghanavizchian is General Manager and can be reached at 250 Pemberton Avenue, North Vancouver, B.C. V7P 2R5 (phone 604-980-7011).

B. C. TAXI NEWS

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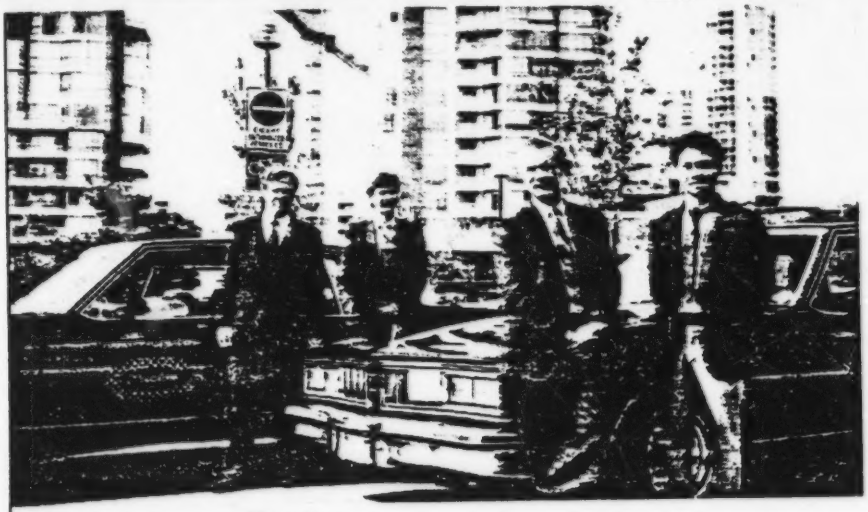
VOL 1 NO. 1 SEPTEMBER 1990



Checker Cabs... *A new look for Vancouver*

Black Top Cabs introduced luxury taxicab service to Vancouver. In May some Black Top Cabs changed colours and became part of the new Checker Cab luxury taxicab fleet.

Gary Atwal, General Manager, says that taxicabs in Vancouver are not adequately serving the upper end of the taxicab market. He goes on to say that many businessmen and tour operators are reluctant to use taxicabs because taxi companies cannot supply a consistently high level of service to these market segments. They may get a good car and well dressed driver on one trip but a lesser quality car and driver the next trip.

All Checker Cabs must be cleaned and washed on a daily basis and driver must wear a shirt and tie.

Drivers provide assistance to their customers as they enter and leave their taxis.

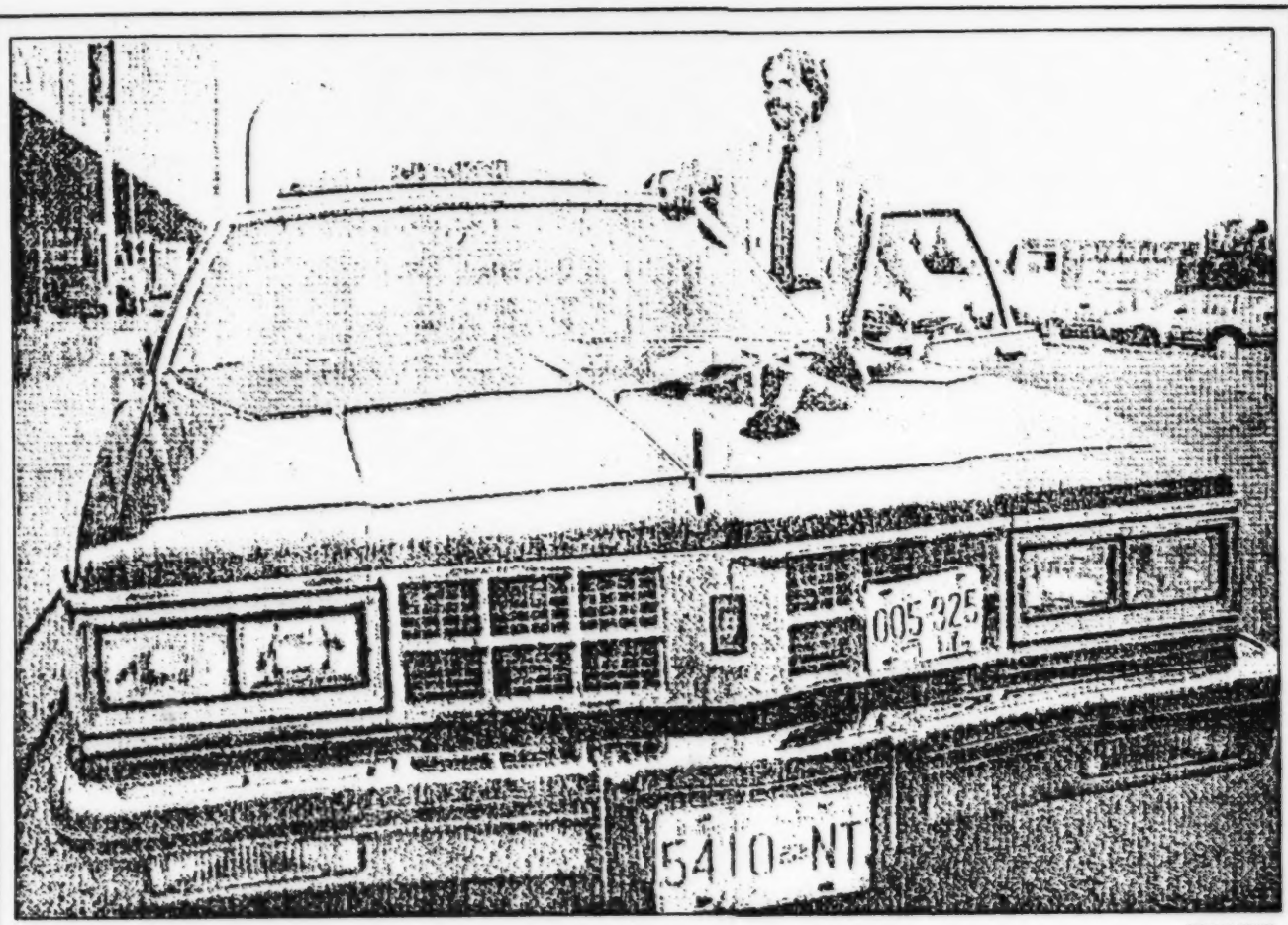
Current shareholders who wish to convert their taxis to Checker Cabs will be required to sign a contract requiring these higher vehicle and service standards.

Checker Cabs will charge the same rate as other taxis in Vancouver. Mr. Atwal says that it costs nothing extra to wear a tie and give extra service to your customers.

Checker drivers say that their revenues and tips have increased and that their working conditions have greatly improved.

Overall consensus is that Checker Cab service will not only increase taxi ridership but will also result in other Vancouver taxicabs providing a similar service. MacLure's Cabs has started to put Cadillacs into taxi service.

Vancouver Sun
9 July 90



BRIAN KENT

RANDY LONERGAN WITH CHECKER CAB: "you know it's going to be top of the line"

Cab service adds a touch of class

By ALAN DANIELS
Sun Transportation Reporter

If you call a Black Top taxi these days you might get lucky and Randy Lonergan will show up in his office.

Lonergan's office is furnished with royal blue upholstery and grey carpet and the proprietor, wearing white collar and tie under a beige corduroy jacket, looks every inch the successful executive.

"I have my tapes, my records, my maps," he tells you. "This is where I work, I am in here a lot of hours a day."

Lonergan owns and drives one of Black Top's Checker cabs, part limousine and part taxi — a new concept, at least in Vancouver.

Sunshine Cabs Ltd. in North Vancouver has been running a collar and tie service for eight years, but as Black Top Cabs Ltd. manager Gary Atwal says, "They can't pick up in Vancouver."

Atwal said Checker cabs are guaranteed to be spotlessly clean, with neatly-dressed, friendly and courteous drivers.

"It's an idea we have been discussing for some time," he said. "We see all these limos lined up at the Pan Pacific and the Bayshore. A lot of people don't want to show up in a limo, but they don't want to get in a filthy cab either.

Out of 159 cabs in the Black Top fleet, there are only three Checker cabs so far — all late-model black Oldsmobile Delta 98s.

But Atwal said the public response has been so encouraging to date that he expects more and more shareholders (Black Top owner-drivers) will switch.

"We hope to have about 50 this year," he said. "Actually, it's starting to create a problem for dispatch because people are requesting them and we don't have enough."

To Lonergan, a 17-year Black Top veteran, the Checker cab concept is a "new service" that complements, rather than competes, with other cabs.

"There's a lot of guys that have nice cars on the road and there are other guys that aren't so nice, but they are all painted the same color, so you can't distinguish the two.

"When you get into a Checker cab you know it's going to be top of the line."

Gary Atwal
MANAGER

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Edmonton, Alberta - CHECKER Cab Co.
President - Al Enders

Vancouver, British Columbia - CHECKER Cab Co.
General Manager - Gary Atwal

San Diego, California - ExecuCar Cabs
President - Bill Myers

Phoenix, Arizona - ExecuCar Cabs
President - Bill Myers

Minneapolis, Minnesota - PREMIER Cab
President - Tom Lijewski

Houston, Texas - TOWNE CAR SERVICE
General Manager - Jonathon Kamis

Tampa, Florida - PRESTIGE Taxi
General Manager - Louis Minardi

These superior class taxi companies were identified during a few short weeks as a consequence of a variety of informal contacts and inquiries. It is highly probable that many more will surface to our attention in the months to come.